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A FRAMEWORK FOR COMPARATIVE INSTITUTIONAL RESEARCH ON HRM

Abstract:

This paper argues that awareness of institutional context has been singularly lacking in the most influential areas of human resource management (HRM). This lack of attention to external context has resulted in findings that fail to reflect reality. We offer a layered contextual framework embedded in economic institutional theory. We propose that it forms the basis of a comparative research agenda for HRM. We validate the framework using extant publications on institutionally based comparative HRM, drawing on findings from the Cranet research network published in the decade 2007-2017.

Key words: Comparative HRM; Cranet; HRM and context; institutions; time; stakeholder view of HRM; contextual framework of HRM

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A FRAMEWORK FOR COMPARATIVE INSTITUTIONAL RESEARCH ON HRM

INTRODUCTION

The term ‘personnel management’ began to be replaced by the concept of ‘human resource management’ (HRM) from the mid-1970s (Schuler & Jackson, 2005). In 1984, two seminal books (Beer et al., 1984; Fombrun et al., 1984) by authors from major schools in the USA were able to draw on their experience of running HRM programmes to offer analyses of HRM (Beer et al, 2015). Fombrun et al.’s (Devanna et al., 1984:35) first chapter is devoted to the external context of HRM and covers technological, economic, socio-cultural and political issues. However, this gets lost in the subsequent chapters and although their framework mentions context they developed a firm-centric view of HRM: “...the firm must decide what optimal structure is needed to carry out its (performance) objectives.” In the Beer et al. framework, however, context, including national legislation and national industrial relations regimes, plays a significant role and the authors argue that: “HRM policies and practices are not and cannot be formed in a vacuum. They must reflect the governmental and societal context in which they are embedded. For this reason, policies and practices that work in the United States will not necessarily work in Europe or Japan” (Beer et al., 1984:34). Almost all subsequent models of the scope of HRM, including all those mentioned in this article (and our own proposal), owe a significant, if not always acknowledged, debt to the original Beer et al (1984) ‘map of the territory’.

So what does ‘HRM’ mean? There are two distinctive approaches. First, HRM is the process of managing people in organisations (the meaning in the Beer et al., 1984, text). This, the more generic, definition of the territory of HRM covers all the ways people are managed

in different contexts. In this definition, all organisations have human resource management: why and how they do it, and with what outcomes, are then the key questions. In the second definition, HRM is the process of managing people in organisations so as to ensure, as far as possible, maximum employee performance with the objective of meeting the organisation's objectives (the approach in the Fombrun et al., 1984, text). This, often referred to as Strategic HRM (SHRM), is more normative and implies there would be many organisations that do not have HRM. Here the key questions would be about what was done and whether it led to improvements in employee performance and/ or organisational results. Since the mid-1990s this is the definition that has dominated the HRM field (Paauwe & Farndale, 2017). While the first definition takes a view that embraces context, SHRM (Wright & McMahan, 1992) has narrowed the field, restricting it to the activities of management in pursuit of organisational objectives, with the assumption that firms and managers have considerable autonomy to decide on strategy and take the appropriate actions. We adopt the first, wider, definition, emphasising developments that have taken place within comparative institutional theory as a way of understanding the variety of different ways in which people are managed.

We are concerned with the relationship between context, organisations and the people that work for them. We argue that HRM has become overwhelmingly though not (as we shall show) exclusively, characterised by unstated 'universalist' assumptions, and overlooks context. Further, we argue that economic institutional theory – unavailable to Beer et al. in 1984 – offers a theoretically sufficiently developed and suitable mechanism for bringing context back in. Supported by a selective review of comparative HRM research, our core argument is as follows: the current status of mainstream HRM research is generally insensitive to developments in context and needs to be more aware of cross-national institutional theorisation. We argue that doing so will bring it closer to the nationally constrained reality of practitioners.

We develop our core argument in three steps. We start by briefly reviewing HRM research and theorising. Thereafter we present a Comparative Contextual Framework that is underpinned by institutional economics theory (North, 1990) and comparative institutionalist theory (Hall & Soskice, 2001) rather than neo-institutionalist theory (see Paauwe & Farndale, 2017). This framework provides a research agenda that emphasises the need for a better theoretical understanding of the interplay between HRM and the broader context. We support this approach by drawing on empirical research, mainly from Cranet, from the period 2007-2017.

HRM AND THE ISSUE OF CONTEXT

The dominance of SHRM is borne out in citations. A recent overview of HRM (Brewster, et al., 2016) found that the majority of the most highly cited studies in the field concern the impact of HRM on organisational performance or, to a lesser extent, a second stream that deals with the influence of HRM on individual performance. This central stream of HRM research is very US-centric and largely context-free (see Paauwe & Farndale, 2017). Brewster et al. (2016) note that this insensitivity to context is also a feature of the ‘subordinate’ stream of outcomes research conducted at the individual level.

Notwithstanding this dominant stream, there are many HRM studies outside the HRM/firm performance stream, the most-cited ones being in ‘HRM and industrial relations’, ‘international HRM’ and ‘comparative HRM’. All three are sensitive to context. Research linking HRM and industrial relations (IR) is particularly widespread in, but by no means limited to, the more unionised European continent (see Nienhüser & Warhurst, 2018). It recognises the role of other stakeholders than the owners of businesses (Beer et al., 2015), including the state, employers’ associations, and trade unions and works councils (Batt & Banerjee, 2012; Kaufman, 2010).

International HRM (IHRM) explores HRM in, mainly private sector, multinational enterprises (MNEs) operating across national boundaries (Kaufman, 2014). A significant section of the IHRM literature addresses issues related to moving people and/ or knowledge across national borders (Stahl et al., 2012). Much of this ‘expatriation’ literature refers to cultural and institutional distance. Another important strand of IHRM literature explores inter alia the way that formal institutional distance between countries constrain MNEs from adopting worldwide HRM policies. It is assumed in the majority of this literature (Dowling et al., 2013; Gooderham, et al., 2006; Stahl et al., 2012) that drives for consistency and worldwide policies in internationally operating organisations meet with national level restrictions, creating a “tension” between standardisation and differentiation strategies (Kostova & Roth, 2002: 215). In short, in much of this literature there is a notion that national institutional settings matter for the transfer of HRM by MNEs. There is also a stream of IHRM literature that finds evidence of a dominance effect in HRM (Edwards et al., 2016; Smith & Meiksins, 1995), arguing that the US management model is often embraced by MNEs regardless of their home country origins as best suited to provide “the necessary flexibility to cope with rapidly evolving economic and technological conditions” and has thus become the de-facto “dominant” (or best practice) model (Pudelko & Harzing, 2007: 539). Much of this strand of IHRM literature rests on comparative institutional distinctions (Edwards et al., 2016).

Comparative HRM (CHRM) looks for differences and similarities in different geographical settings (Brewster et al., 2018; Lazarova et al., 2008). Since 1990, the long-running Cranet project (www.cranet.org) has been a particularly important source of empirical studies (Dewettinck & Remue, 2011; Gooderham & Nordhaug, 2011). Initially Cranet researchers tended to focus on Europe but increasingly studies have included non-European countries such as the USA, Australia and Japan. Two major sub-streams of CHRM research have emerged from Cranet. First, studies aiming to better understand HRM in different countries (Brewster, Mayrhofer & Farndale, 2018). Second, developments over time; with the

basic issue concerning whether HRM differences remain salient. Much of the convergence argument comes from rational actor models of the firm (e.g. Simon, 1955) and the world-polity approach (Meyer & Rowan, 1977) arguing that actors are subject to isomorphic pressures to follow the successful Western model of rationalisation. Informal (e.g. Hofstede, 1980; House et al. 2004) and formal institutional arguments (e.g. North, 1990; Hall & Soskice, 2001) favour divergence or, most often, the maintenance of differences.

We can also observe a stream of literature that has engaged with theory-building in HRM (Jackson et al., 2014; Wright & McMahan, 1992; Paauwe & Farndale, 2017). Whereas SHRM at the organisational level is often underpinned by the resource-based view of the firm (Barney & Wright, 1998; Nyberg, et al., 2014), its counterpart at the individual level has drawn on behavioural approaches (Jackson, 2013). To the extent that CHRM has theoretical foundations, economic institutional theory as manifested in ‘comparative capitalisms’ (see e.g. Gooderham et al., 2015a; Greenwood, et al., 2017) is increasingly the dominant approach. We draw on insights into how formal and informal institutions affect organisations, assuming that formal institutions condition national HRM regimes but that informal institutions such as norms also play a role.

A COMPARATIVE CONTEXTUAL FRAMEWORK FOR HRM

HRM research makes use of a number of theories. Looking at highly cited papers and their underlying theoretical premises, we identify three groups (for a more detailed overview see Appendix 1). A first group draws on concepts linked with strategy, fit, and organizational life cycle (e.g. Baird & Meshoulam, 1988; Lengnick-Hall & Lengnick-Hall, 1988); a second group uses resource-based and related concepts (e.g. Lado & Wilson, 1994; Lepak & Snell,

1999); and a third group tries to synthesize a variety of different theoretical streams beyond these mentioned, such as cybernetics or general systems theory (e.g. Wright & McMahan, 1992; Jackson & Schuler, 1995). In addition, a number of prominent scholars have proposed overviews: a conceptual model of theoretical frameworks for studying SHRM (Wright & McMahan, 1992), an integrative perspective for research on HRM in context (Jackson & Schuler, 1995), a model of strategic IHRM (Taylor et al., 1996), a fit/ flexibility model of SHRM (Wright & Snell, 1998), the development of an HRM architecture (Lepak & Snell, 1999), and a model for integrating strategy and SHRM (Wright et al., 2001). More recently, two synthetic efforts are noteworthy. An ‘aspirational’ framework puts the HRM system at the centre and, without displaying causal linkages, arrays internal and external environments and outcomes for internal and external stakeholders around it (Jackson et al., 2014). A similar SHRM framework identifies three mechanisms – competitive, heritage, institutional – that via organizational capabilities and legitimacy define the leeway for strategic choice of key decision makers in the employment relationship as a relevant context (Paauwe & Farndale, 2017). In turn, the context relates to SHRM in terms of the strategic HRM system with HRM capabilities, that through employee-level processes lead to HRM outcomes and, consequently, to effects on organizational performance, individual well-being, and societal well-being.

Our Comparative Contextual Framework, like all those noted above, draws on the heritage of the Beer et al. (1984) model, but as compared to that and the other models noted above has four distinguishing characteristics. First, it has a clear and unified theoretical lens, avoiding the potential trap of synthesizing too many theoretical approaches that may be at least partly incompatible with each other. Rather than employing a neo-institutional approach (see e.g. Paauwe & Farndale, 2017), our approach to external context is grounded in economic institutional theory (North, 1990). Economic institutional theory emphasizes the formal regulative aspects of institutions and enforcement as well as informal constraints. Institutional frameworks, that vary from country to country, constitute incentive structures

that actors respond to. Institutions impact organisations so that management can manoeuvre only within relatively tight, externally located limits. Further, although there may be some convergence among leading industrial nations that trade with each other, an overwhelming feature is one of divergence (North, 1990), as noted in the concept of ‘comparative capitalisms’ (Jackson & Deeg, 2008). Following North, Hall and Soskice (2001:9) define institutions as “a set of rules, formal or informal, that actors generally follow, whether for normative, cognitive, or material reasons...”. Stressing the systematic variation found in the character of corporate structure across different types of economies, they distinguish Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs). However, there are other comparative capitalisms theories proposed by Amable (2003), Thelen (2014) and Whitley (1999). What these theories share is the notion of distinct varieties of business systems that lead to national differences in the degree of interdependence and delegation between managers and employees, creating distinctive national HRM regimes (Gooderham et al., 1999). A simplistic focus on the HRM chain and the strategy or policies of the firm misses these important contextual factors. Our Comparative Contextual Framework therefore challenges the (usually implicit) assumption, in particular in most variants of SHRM and in the more individually focused elements of HRM research, that management can choose and implement any strategy that they deem appropriate (Wangrow et al., 2015).

Second, our framework emphasizes the distinction between the internal and the external context and takes a theoretically grounded view for differentiating between its various building blocks.

Third, it clearly identifies different levels of social complexity ranging from the individual to global within which the different building blocks of the framework – internal and external contexts, the HRM chain, and its outcomes – are consistently located.

Fourth, the proposed framework explicitly integrates the temporal dimension. This

acknowledges the often under-rated role that time plays in organizational processes and is especially important for capturing the dynamics of HRM, the crucial differentiation between outcomes at different points in time and conceptually integrating ongoing changes in HRM.

Taken together, this gives the framework some unique characteristics. Figure 1 depicts the framework.

<< **FIGURE 1 ABOUT HERE** >>

The Comparative Contextual Framework for HRM sets the subject within distinct levels of contextual influence: in order, *global/ regional; national; organisational; HRM* itself; and *group* and *individual*. We argue that these levels impact successively the formal and informal institutions within which HRM operates and that the outcomes of HRM can also be found at each level.

At the core of the framework is the *HRM Chain*, consisting of strategy and policies, practices and perceptions. The chain ends with the perceptions of various internal stakeholders (Nishii & Wright, 2008), in particular employees, who experience management practices and generate behaviours that provide the link to outcomes. Behaviours are mediated by perceptions of HRM. The organisation's espoused policies and the practices of individual managers are important but it is the workforce reaction to them and their resulting behaviours that are crucial for the outcomes (Nishii & Wright, 2008). Beyond the internal context, the perceptions of actors in the external context such as banks, municipalities, or legal courts matter, too.

The chain operates both in internal and external contexts. We divide the internal context into two sub-contexts. The first of these, *Organisational Characteristics* (Lawrence & Lorsch, 1967; Thompson, 1967), contains factors outside the HRM chain but within the organisation. For example, size, technology, structure, and whether the organisation is an MNE, influence the configuration of the HRM Chain. It also has an effect on *HRM*

Organisational Integration, i.e. the existence, role and structure of a specialist HRM department in relation to the role of line management. Thus, HRM Organisational Integration comprises the structural, processual, strategic and power-related link between HRM and the ‘rest’ of the organisation, including the relative size of the HRM department, the hierarchical position of the top HRM specialist and links to the CEO, and how the HRM department works with line managers (Sheehan, 2005). The second internal sub-context, *Internal Stakeholders*, includes all individual and collective actors that have an interest in and are important for HRM, e.g. owners or shareholders, managers, employees and their representative bodies such as trade unions or works councils.

The broader context beyond the organisation, and its interplay with HRM, has not received the attention it deserves. Thus, while mainstream SHRM research often controls for the impact of *Organisational Characteristics* and *HRM Organisational Integration* (e.g. the role of the HRM function) on the *HRM Chain*, we argue that the *External Context* also has a direct, and significant, impact on HRM. Further, it has an indirect effect via the balance between *Internal Stakeholders*. We distinguish *Formal* and *Informal Institutions* and argue that they set the framework within which the organisation operates (Jackson and Schuler, 1995). While some of these are global or regional, for the most part they are national.

The *Outcomes* of the HRM chain (Jiang et al., 2012) are located at the same levels of social complexity as those on the left-hand side of the Framework. Working up, outcomes will impact the individual employee, e.g. job satisfaction or insecurity; organisational HRM, e.g. functional flexibility; the organisation itself, e.g. competitiveness; the country, e.g. national capability building; and world regions or the whole world, e.g. wealth creation or mobility. The same activities in the HRM chain can simultaneously lead to results that may have different outcomes, positive or negative, at the different levels (Truss, 2001).

The framework incorporates *Time* (George & Jones, 2000; Sonnentag, 2012) in a

threefold way. First, feedback loops from the HRM chain emphasise that any conceptual view on HRM has to include dynamic characteristics. Second, it differentiates between short and long term outcomes of HRM. Some HRM activities, such as a graduate development schemes, may be expensive and unproductive in the early years but cheap and highly valuable with a longer time horizon. Third, the framework explicitly acknowledges that HRM is embedded in a broader context that evolves over time. Changes in the external context such as the rise or fall of labour unions, changes to employment law and economic development have a profound impact on the internal context, as illustrated, for example, when the civil rights mandates of the 1960s led to a normative environment threatening the legitimacy of arbitrary organisational governance (Edelman, 1990).

Thus, the primary contribution to a future research agenda of our Framework is located within the external context. Given the relative deficit of research linking HRM with the broader context, we call for additional conceptual and empirical work to more fully exploit economic institutional theorising and theory-building. This, we argue, will increase the impact of HRM by linking it more directly with the larger global questions the world faces. These are, of course, not complete blind spots in HRM research, and we note examples below, but they are areas where the marginal utility of context-sensitive HRM research efforts is largest.

ILLUSTRATING THE FRAMEWORK THROUGH EMPIRICAL COMPARATIVE STUDIES

Conceptualising context requires defining a theoretical angle. The use of ‘obvious’ surface phenomena such as unemployment rates, quality of the educational system, etc. is important but has its limits. Unless we define what these elements represent in theoretical

terms, understanding their importance for HRM will be difficult. There are two main variants of institutional theory. One derives from institutional economics (North, 1990); the other from institutional theory in sociology (DiMaggio & Powell, 1983; Scott, 1987). The latter, often labeled 'neo-institutional' theory, assumes that organizations, including firms, are primarily driven to seek social approval. Organizations try to enhance or protect their legitimacy. Seminal neo-institutional explanations of management practices and strategies predict limited diversity among firms that operate in the same industry or organisational fields within the context of a single society or national economy (Powell & DiMaggio, 1991; Dobbin, et al., 1993).

Whereas neo-institutional theory emphasizes cognitive (take-for-granted beliefs) and to a lesser extent normative aspects to institutions, economic institutional theory emphasizes the formal regulative aspects of institutions. North (1990: 3-6) defined institutions as "the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction... Their major function is to reduce uncertainty by establishing a stable (but not necessarily efficient) structure to human interaction." They comprise formal rules including laws, contracts and judicial systems but also informal constraints embodied in traditions and codes of conduct. Institutions arise and persist because they reduce uncertainty. Without institutional constraints that ensure that parties honor their agreements, uncertainty concerning cheating, shirking and opportunism will hinder complex economic exchange. Such 'rules' do not solve all problems, but they simplify them. Different historical trajectories have led societies to diverge in terms of their institutions. Once institutions are established, sunk costs lead to path dependency, making institutional change difficult.

Drawing on North, Hall and Soskice (2001:15) view any political economy as comprising "a set of coordinating institutions whose character is not fully under their control. These institutions offer firms a particular set of opportunities; and companies can be expected to gravitate towards strategies that take advantage of these opportunities strategy follows

structure. For this reason, our approach predicts systematic difference in corporate strategy across nations.” These theories contribute to the notion that the adoption of HRM practices is embedded in an external setting. However, comparative institutionalist theory does not reject the notion of considerable variability within nations or regions at the firm level in terms of HRM (Walker et al., 2014). Agency remains significant (Gooderham et al., 2015a). Nevertheless, formal and informal institutions clearly have an impact on firm behaviour.

Methodology

It is important to note that it is not the aim of our paper to ‘test’ or ‘validate’ the framework in a strict predictive sense (if that were possible); rather, we draw on a selection of empirical studies that give credence to the plausibility of the framework’s elements (see Tranfield, et al., 2003). Given our interest in the impact of variations in the external context on the internal context and outcomes elements in the framework, we consider empirical research explicitly located within the established CHRM discourse.

One obvious barrier to conducting comparative institutional research on HRM is the need to have data covering a substantial range of national settings (Farndale, 2010). Cranet (Parry et al., 2013) has been able to overcome this barrier through its network of HRM researchers in business schools located in currently more than 40 countries. Cranet has developed a common questionnaire that it has been administered at approximately five yearly intervals in a growing number of countries since 1990. Designed in English by a multi-cultural team and translated into the language or languages of each country, the Cranet questionnaire is completed by the most senior HRM executive in nationally representative samples of organisations with more than 100 employees. Out of this endeavour, a continuous stream of empirical research emerged covering several decades. We chose this stream of research because of its diversity and its prominence in the empirical CHRM debate.

Thereafter, we applied three further, relatively pragmatic restrictions on the Cranet studies we chose to include in substantiating our framework. First, in order to ensure a significant variety of external contexts, we limited our choice to studies that employed data from more than a handful of countries. Second, to avoid duplicating previous reviews (e.g. Gooderham & Nordhaug, 2011), we chose to review more recent studies. Thus, we included studies from the period 2007-2017. Third, we used studies that had been published in CABS level 3 and 4 journals: that is, rigorously reviewed studies and likely to have wide dissemination. In all, the analysis of the elements in our framework draws on 28 Cranet studies.

The significance of national context on HRM Strategy and Policies

A number of Cranet studies look at the role of formal and informal institutions on specific HRM policies. Croucher et al. (2010), for example, examine the impact of formal institutions on financial participation practices including share schemes, stock options and profit sharing and find that the use of share schemes is significantly lower within firms located in CMEs, although there is of course variations within each category (Kalmi et al., 2012). Goergen, et al (2009a) find that stronger shareholder rights in LMEs make for greater short-termism, weaker tenure and a tendency towards the downsizing of workforces. Brewster et al. (2014) show that for Europe, while controlling for, inter alia, firm size, direct involvement is generally much more of a feature of CME countries than the LME country, the UK. In contrast, the deployment of non-standard working time is found more often in LMEs than CMEs (Richbell et al., 2011; Stavrou & Kilaniotis, 2010). Brookes et al. (2011) and Gooderham et al. (2015a) distinguish the impact of formal and informal institutions on the use of individualised pay-for-performance schemes and observe that both significantly influence its country level adoption. A national cultural (informal institutional) influence has been found on investment in training (Peretz & Rosenblatt, 2011), on performance appraisal

(Peretz & Fried, 2012), and on diversity programmes (Peretz et al., 2015). Peters et al. (2016) show that nation-level cultural values influence the level of organisations' use of formal telework practices. Note, though, that while Cranet research takes into account national context, equally it warns against crude over-simplifications of what will be observed at the firm-level (Walker et al., 2014).

The significance of national context on internal stakeholders

Internal stakeholders include the employees and their representative bodies. Den Dulk, et al. (2012) find that the work-family policies of European organisations were affected by organisational characteristics and the formal institutional context in which organisations operate with, for example, employers in social-democratic and post-communist regimes adopting fewer additional childcare and leave arrangements than employers in other regimes. The strongest indicator of union strength is national legal tradition (Brewster et al., 2015a) report that firms located in LMEs are less likely to have either collective bargaining or works councils. In other words, formal institutional context has an impact on union recognition and that in turn impacts on whether decreases of the workforce will be done by softer policies (voluntary redundancies) or harder policies (compulsory redundancies). Using Amable's five-archetype model, Croucher et al. (2012) arrive at broadly similar findings, but stress that in-depth country-by-country analysis is important.

The significance of national context on HRM Organisational Integration

Cranet research has examined the role of the HRM department in relation to line managers, finding firm and national level influences (Brewster et al., 2015b; Gooderham et al., 2015b). Both formal and informal institutions influence the role of the HRM function so that organisations in LME countries are the least likely to assign responsibilities for HRM to the line. Having a third-party service provider or vendor supply an HRM activity (Galanaki

& Papalexandris, 2007) and the extent of use of electronic human resource management (Strohmeier & Kabst, 2009) both vary with national level institutions. And in countries with more enabling social policy practices for women, such as Sweden and France as opposed to the UK or the USA, female HRM directors show a higher level of strategic integration (Brandl et al., 2008).

The significance of national context and time on HRM policies

Institutional theory assumes that while change does take place over time, the national ‘rules of the game’ evolve slowly. Cranet studies generally confirm this assumption. Brewster, et al. (2007) examine whether any convergence towards the individual forms of employee voice mechanisms most frequently found in LMEs had taken place. They conclude that it has not and that in CMEs collective voice remains significant in large work organisations. Goergen et al. (2012) find that nations remain persistently distinct. Overall, Cranet data indicates that while there is evidence of directional similarity - practices increasing or decreasing in the same way across countries - there is no evidence of countries becoming more alike in the way they manage people (Mayrhofer et al., 2011). Not only are there distinct national HRM regimes, but these regimes are tend to remain in the same relation to each other (Farndale et al. (2017). Farndale et al. (2017:1078) reveal that certain HRM practices, including compensation and wage bargaining practices, are particularly “institutionally constrained” and unmalleable.

The significance of national context on the impact of HRM on outcomes: organisational

A driving force behind the emergence of SHRM was the conviction that high performance HRM practices will invariably enhance firm performance, not least in financial terms (Schuler & Jackson, 2005). Cranet research offers a sobering corrective. Thus, there

seems to be no direct relationship between training and development and firm performance except in a cluster of Anglo nations, including the USA and Canada (McNamara et al., 2012; Nikandrou et al., 2008). Similarly, Prince et al. (2011), establish find little if any support for information sharing with employees as a source of organisational effectiveness, except for some modest effects in S America.

Gooderham et al. (2008) observe that for European firms the country of location is a relatively important source of variation in performance. This they ascribe to differences in national economic cycles; but they also speculate that country of location might reflect the efficacy of national business systems (see also Rizov & Croucher, 2008). These two studies indicate that the effect of HRM on firm performance is limited but that national level institutions do, in combination with internal context, influence firm performance (Apospori et al., 2008; Rizov & Croucher, 2008). Goergen et al. (2013a) support the impact of external and internal context on firm performance, examining country-level trust and HRM practices, such as direct communication with employees and security of tenure. Increases in the HRM configuration indicative of enhanced firm trust and/ or country trust improve firm performance when both are still low, but as both become high their costs exceed their benefits.

This research indicates that the SHRM assumption of direct effects of HRM policies on firm performance is far too simplistic: HRM research needs to consider the interplay between external and internal context.

Other Outcomes

The methodology used by the Cranet network considers only outcomes at the organisational level and offers nothing on the outcomes at the individual or national level. Another limitation is that the data collected reflects espoused policies and not policies in operation. Clearly, these limit the extent to which the data can inform our Framework, but it does indicate exciting areas for future research.

FUTURE HRM RESEARCH

The contextual framework of HRM provides a number of impulses along the lines of its four major distinguishing characteristics.

With regard to its clear theoretical grounding, it can further encourage the use of comparative institutionalism. In particular, we suggest further work to not only empirically demonstrate, but also theoretically explain, the link between various contexts and HRM. Beyond that, the comparative contextual framework also allows the integration of new lines of thought within the institutionalist debate. The contextual model and its theoretical underpinnings call for and, at the same time, allow a stringent theoretical conceptualization of ‘surface phenomena’. Descriptions of and links to such elements as size, sector, degree of unionization, unemployment rates, quality of the educational system etc. as elements of the internal or external context have their limits. The theoretical angle underlying the framework not only provides a conceptualization of its own, it also points to other concepts that are potentially useful. Examples include structuration theory (Giddens, 1984) emphasizing the reciprocal relationships between individual action and various kinds of structural arrangements; convention theory (Boltanski & Thévenot, 2006) interpreting both existing HRM configurations as well as policies and practices at the organizational and national level as a result of negotiating processes between different orders of worth; or social systems theory (Luhmann, 1995) focusing on the interplay between the internal and external context and viewing decisions as core elements of every organization. We call for more theoretically well-founded conceptualizations of context. This would allow cumulative research for those following the same theoretical assumptions; permit competing explanations of the same phenomena, most likely leading to greater insight; offer explanations for empirical results without post-hoc efforts to interpret ‘surprising’ findings; and prevent the isolated use of surface context phenomena such as size or sector without embedding them into a systematic

theoretical netting.

In terms of the levels of social complexity addressed in our framework, HRM research so far has been largely concentrated at the three bottom levels: the individual, the HRM system and the organizational levels. Indeed HRM has been critiqued as being too ‘psychologized’ (Godard, 2014) in the sense that most HRM studies have ignored the other levels of analysis. Besides emerging work in IHRM and CHRM which by definition requires contextual variety and where efforts exist to extend the debate about HRM to technological change (Martin, et al., 2008), some areas are especially promising. At the individual level the link with organization behavior (Guest, et al., 2013) and psychology (Nishii et al., 2008), in particular a rigorous approach to theory and methodology, has proven its value. At the organization level, HRM is finally beginning to unpack the black box (Jiang, et al., 2013) between HRM strategies and policies and employee reactions and behaviors. Economic analysis has informed the HRM/ performance debate (Paauwe, et al., 2013) and has been strongly advocated (Kaufman, 2010). Binding such insights together in a theoretically consistent way would allow HRM scholarship to progress greatly and establish a more comprehensive understanding of HRM processes and outcomes.

The multiple stakeholders and different levels of outcomes indicated in our model suggest research going beyond the primary focus of HRM research in the past, i.e. mainly the HRM systems level and the interests of one set of stakeholder – the owners of the firm and management as their agents. Is the role of HRM and HRM research merely to ‘serve’ their interests and “drive the strategic objectives of the organization” (Fombrun, et al., 1984: 37)? Other groups, in particular employees, are also stakeholders. In the complex and diverse organizational reality, multiple stakeholders formulate expectations and cultural norms and institutional demands enable and constrain organizational action. Effective HRM has to meet and balance and, if possible, synthesize the interests of multiple stakeholders (Beer et al,

2015; Guerci & Shani, 2013; Tsui, 1990). Our framework suggests that enlarging the view of who is a stakeholder, analyzing the role of a variety of stakeholders and the interaction between them is a key issue for HRM research in the next few years.

Finally, with regard to the time-related perspective, the HRM can profit from a more explicit integration of time into research designs. For example, a simple differentiation between short- and long-term effects of HRM measures allows a set of new questions and potential insights. Adding the views of different stakeholders can bring additional value since they have different time horizons and interests, e.g., short-term measures to boost organizational profit versus long-term interest in sustainable organizational survival or individual well-being. Finally, going beyond single cross-sectional towards longitudinal studies of various kinds would allow a greater developmental perspective.

CONCLUSIONS

HRM as an academic discipline has made huge strides and we understand much more than we did four decades ago. But, to progress further, we are suggesting that HRM needs to adopt a theoretically well-founded view of HRM in a multi-level context, serving multiple stakeholders and recognising the importance of time. Our Comparative Contextual Framework leads us to argue that a future HRM research agenda should give special emphasis to external contexts and that these are best conceptualised by institutional theory. In this respect, our call is for an extension of the recent debates on multi-level research in HRM (Lengnick-Hall & Aguinis, 2012) to extend further to incorporate context and, indeed, for further refinement of existing conceptualisations (Goergen, et al., 2013b). We suggest that context, particularly national context, is a significant, possibly primary, factor explaining observable commonalities and differences in HRM. We also feel it is crucial to include time in studies of HRM. Our framework identifies areas that have not been covered and offers rich

scope for future research.

Finally, one challenge that will have to be met is that while some attention has been paid to Korea, Japan and some former Soviet-bloc countries, comparative institutionalist theory as well as Cranet research is primarily located within the context of the WEIRD (western, educated, industrialized, rich, developed) countries (Henrich, et al., 2010). There have been radical changes in the global location of economic activity as value chains have become disaggregated so that now a substantial proportion of the ‘global factory’ comprises outsourcing of labour-intensive activities by western MNEs to independent suppliers in emerging and/ or developing countries. Some of these countries have also been successfully developing their own independent MNEs. However, unlike the WEIRD countries, these states are characterised by institutional voids: “a lack of regulatory systems and contract-enforcing mechanisms” (Miller et al., 2009:803). Buckley and Strange (2015: 245) observe that “there is a substantial literature...highlighting low wage levels, poor working conditions and environmental abuses by the suppliers of various infamous lead firms (e.g. Nike, Apple).” If HRM is to advance beyond its parochial, western enclave this particular external context must be embraced. Thus, there is a need to develop new and much broader approaches to conceptualising cross-national institutional differences (Fainshmidt et al., 2016). Some progress has been made: but there remains ample scope for HRM studies in such states.

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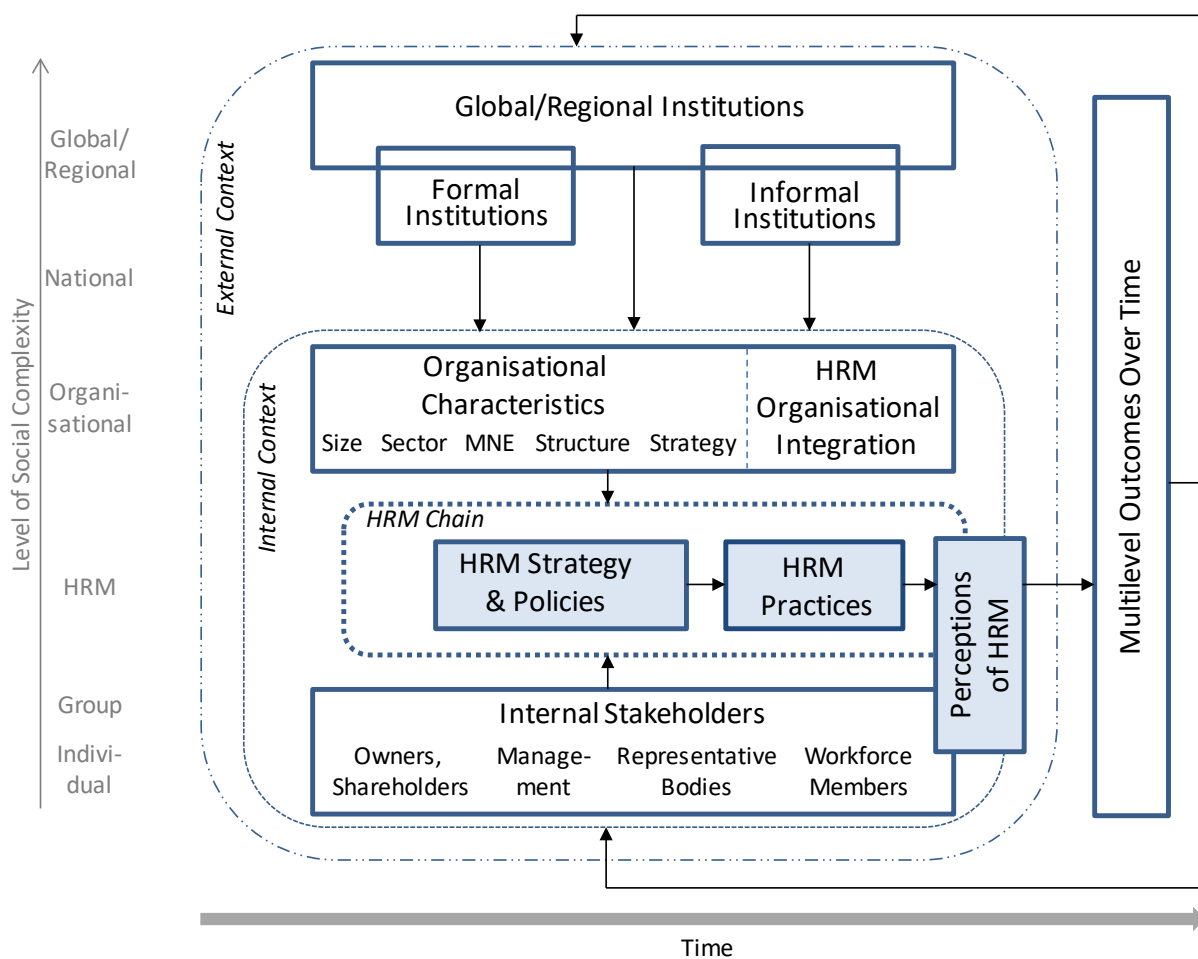
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Figure 1: Comparative Contextual Framework of HRM



Appendix 1: Major theoretical angles used in early HRM research

Authors	Underlying theoretical or conceptual sources	Major emphasis	Role of ...			
			Internal context	External context	Time	Multilevel outcomes
Strategy, fit, organizational life cycle						
Schuler and Jackson, 1987	Competitive advantages (Porter)	Link between different types of competitive strategies and needed role behaviors; tentative suggestion of strategy-HRM archetypes	Strong;	Medium; focus on competitive environment	No	Weak; focus on growth and prosperity of the firm
Baird and Meshoulam , 1988	Organizational life cycle and stage models	Combining organizational and HRM development stages and analyze resulting consequences for doing HRM	Very strong; combination of organizationa l and HRM growth	No	Very strong	No
Wright and Snell, 1998	Fit models	Consolation of fit and flexibility goals of the organization	Strong; organizationa l strategy, goals, mission;; HR practices; employee skills	Weak; general reference to opportunities and threats	No	No; focus on firm performance
Lengnick-Hall and Lengnick-Hall, 1988	Unclear; implicitly some kind of contingency view focusing on internal contingencies	Interdependence of competitive strategy and HRM strategy	Strong; align- ment with organizationa l strategy	Medium; focus on competitive environment	medium; implicit via organizationa l growth expectations; long-term perspectives with regards to outcomes	No; focus on growth and prosperity of the firm
Resource-based						
Lado and Wilson, 1994	Resource-based view	Effects of HR systems on development and utilization of organizational competencies	Strong; organizationa l competencies ; link between HRM and strategic supra-systems	Weak; focus on competitive environment	No	No; focus on competitive advantage of the firm
Lepak and Snell, 1999	Resource-based; human capital; transaction cost	relationships among employment modes, employment relationships, human resource configurations, and criteria for competitive advantage	Strong;	Weak; implicit via competitive advantage, labor market, human capital alliances	Weak; change in competitive situation	No; focus on competitive advantage of firm
Wright et al., 2001	Resource-based;	explores how the fields of strategy	Very strong; people	Weak; implicit via	Weak; processes	No; focus on core

		and SHRM are beginning to converge around a number of issues, and proposes a number of implications of this convergence	management practices; dynamic capabilities; knowledge management; intellectual capital	dynamic capabilities related to markets	built into the model as essential part	competencies of the firm
Diverse						
Wright and McMahan, 1992	behavioral, cybernetic, agency/transaction cost, resource-based, power/resource dependence, institutionalist	SHRM - similar to classical HRM; different models: behavioral, cybernetic, agency/transaction cost, resource-based, power/resource dependence, institutionalist	Strong;	Medium; focus on institutional and political forces	No	No; focus on firm-level outcomes
Jackson and Schuler, 1995	Varying; general systems theory; role behavior; institutional; resource dependence; human capital; transaction costs; agency; resource-based;	General review article + model development	strong; technology; structure; life cycle stages; business strategy	Strong; legal, social, and political environment; unionization; labor market conditions; industry characteristics ; national culture	medium; implicit via organizational life cycle stages; differentiation between short- and long-term outcomes	Medium; individual, organizational , and societal outcomes;